ST/SGB/2006/8

United Nations

Financial Regulations and Rules of the United Nations (series 100)

Special annex for the United Nations Habitat and Human Settlements Foundation (series 300) to the Financial Regulations and Rules of the United Nations (series 100)

Secretary-General's bulletin

Financial Regulations and Rules of the United Nations (series 100)

Special annex for the United Nations Habitat and Human Settlements Foundation (series 300) to the Financial Regulations and Rules of the United Nations (series 100)

Secretary-General's bulletin

United Nations • New York, 2006

United Nations ST/SGB/2006/8

Secretariat

20 July 2006

Secretary-General's bulletin

Special annex for the United Nations Habitat and Human Settlements Foundation (series 300) to the Financial Regulations and Rules of the United Nations (series 100)

1. The Secretary-General hereby promulgates a revised edition of the special annex for the United Nations Habitat and Human Settlements Foundation (UNHHSF) to the Financial Regulations and Rules of the United Nations.

2. The Financial Regulations of the United Nations as adopted by the General Assembly and the 100 series Rules formulated by the Secretary-General are promulgated in Secretary-General's bulletin ST/SGB/2003/7, dated 9 May 2003, and govern the administration of the financial activities of all United Nations entities for which the Secretary-General has administrative responsibilities, unless exceptions or additions are authorized. The present special annex of the 300 series Rules authorizes certain exceptions and additions to the 100 series Rules for UNHHSF.

3. The Financial Regulations of the United Nations, which were adopted by the General Assembly at its fifth session (resolution 456 (V) of 16 November 1950), have been amended several times by the Assembly in its resolutions and decisions. The last revised Financial Regulations were adopted by the Assembly in its decision 57/573 of 20 December 2002 and are effective from 1 January 2003. By the same decision, the Assembly also decided that former financial regulations 5.10 and 9.4, which applied exclusively to UNHHSF, would be presented in the special annex for UNHHSF to the Financial Regulations and Rules of the United Nations. The two regulations have been renumbered as "UN-Habitat Foundation regulation 1.1" and "UN-Habitat Foundation regulation 1.2".

4. The rules in the present special annex have been determined to be required for UNHHSF pursuant to the above-mentioned regulations and in view of the nature of its activities, the method of its funding and the procedures of its budget. The 100 series Rules shall govern UNHHSF unless exceptions or additions are authorized in the 300 series Rules herein promulgated.

5. The present bulletin supersedes Secretary-General's bulletin ST/SGB/UNHHSF Financial Rules/3 (1978).

6. The special annex of series 300 Rules shall enter into force on 1 August 2006 and will continue to be in effect until amended or superseded.

(*Signed*) Kofi A. **Annan**
Secretary-General

Contents

Article		Regulation	Rule	Page
I.	General provisions			1
	Applicability and authority		301.1	1
	Responsibility and accountability		301.2	1
	Definitions		301.3	1
II.	Budgets			3
	A. Programme budget			3
	Authority and responsibility	1.1	302.1	3
	Presentation, content and methodology			3
	Submission and approval of programme budget			3
	Review and approval		302.2	3
	Revised and supplementary programme budget proposals, presentation and submission		302.5	4
	Resolutions with programme budget implications		302.6	4
III.	Contributions and other income			4
	C. Voluntary contributions, gifts and donations			4
	Authority and liability		303.4	4
	D. Miscellaneous income		303.6	5
	E. Receipts of funds			5
	Receipt and deposit		303.8	5
	F. Foundation borrowing moneys			5
	Foundation authority for external borrowing	1.2		5
			303.9	6
	Liability for borrowing incurred by the Foundation		303.10	7
IV.	Custody of funds			7
	A. Internal accounts			7
	Foundation funds			7
	Authority and responsibility		304.3.1	7
			304.3.2	7
			304.3.3	8
			304.3.4	8
			304.3.5	8
			304.6	9

C. Investments 304.12 9

Income from investment 304.15 9

Losses of investment of funds not immediately required 304.16 9

V. Utilization of funds 10

B. Commitments obligations and expenditures 10

Administration of appropriations 10

Authority and responsibility 305.3.1 10

Lending Operations Review Committee 305.3.2 10

305.3.3 10

Policy, system and procedures 305.3.4 11

Criteria and considerations for lending operations of the Foundation 305.3.5 11

Loans and loans guaranteed by the Foundation 305.3.6 12

VI. Accounting 305.3.7 12

Principal accounts 12

Responsibility for maintaining the accounts 306.1 12

Financial statements 306.2 13

306.10 13

Financial Regulations and Rules of the United Nations

Note

The Financial Regulations of the United Nations and the Financial Rules of the United Nations (100 series Rules) shall govern the administration of the financial activities of all United Nations entities for which the Secretary-General has administrative responsibility, unless an exception or addition has been authorized by the General Assembly (for the Regulations) or by the Secretary-General of the United Nations (for the Rules). As the review of the Financial Rules progresses for the entities which currently have separate Rules, the exceptions or additions authorized for them will be promulgated by the Secretary-General as special annexes. The Regulations and Rules set forth in each of the annexes will carry a numbered series which codes it to the entity to which the annex applies and self-identifies the exception or addition to the normal United Nations financial regulation or rule.

Financial Regulations and Rules of the United Nations (series 100)

Special annex for the United Nations Habitat and Human Settlements Foundation (series 300) to the Financial Regulations and Rules of the United Nations (series 100)

Article I
General provisions

Applicability and authority

Rule 301.1

The Financial Rules in this annex shall govern the financial management of the United Nations Habitat and Human Settlements Foundation (hereafter referred to as "the Foundation") established by General Assembly resolution 3327 (XXIX) of 16 December 1974. These rules are promulgated pursuant to the Financial Regulations of the United Nations as they apply with respect to the Foundation. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules in this annex to the Executive Director of the United Nations Human Settlements Programme (UN-Habitat). The Executive Director may in turn delegate authority for specific aspects of these Financial Regulations and Rules to officials of the Foundation. These delegations of authority will state whether designated officials may further delegate this authority.

For any matter that is not specifically covered by the Rules in this annex, the relevant Financial Regulations and Rules of the United Nations shall, mutatis mutandis, apply.

Responsibility and accountability

Rule 301.2

In the cases where the Foundation entrusts implementation of projects or part thereof to bodies within or outside the United Nations system, the financial administration of allocations from the Foundation's resources issued to them by the Executive Director pursuant to the regulations in this special annex shall be carried out under their respective financial regulations, rules, procedures and practices.

Definitions

Rule 301.3

For the purpose of this special annex:

(a) "Foundation" shall mean the United Nations Habitat and Human Settlements Foundation (UNHHSF);

(b) "Governing Council" shall mean the Governing Council of the United Nations Human Settlements Programme (UN-Habitat);

(c) "UN-Habitat" shall mean the United Nations Human Settlements Programme;

(d) "Government" shall mean the Government of any State that is eligible for membership in the Governing Council of UN-Habitat;

(e) "Executive Director" shall mean the Executive Director of the United Nations Human Settlements Programme, UN-Habitat;

(f) "Administrator" as referred to in the General Procedures Governing the Operations of the Foundation, adopted by the Governing Council in its decision 72 (IV) 1976 and amended by its decision 94 (V) 1977, shall mean the Administrator of the Foundation;

(g) "Programme budget" shall comprise the "programme of activities" and "programme support costs" as defined below;

(h) "Project" shall mean an activity separately identified within the programme of activities, to be carried out for a specific purpose and a definite period of time;

(i) "Programme of activities" shall mean a plan of activities, including areas for projects in which the Foundation is to be involved, whether financed on a grant or reimbursable basis, or financed partially or wholly by the Foundation;

(j) "Programme support costs" shall mean the costs of administration and management of the programme of activities (including programme development and evaluation) and technical and administrative support of projects;

(k) "Loan Fund" shall mean the account into which resources are deposited specifically for the reimbursable seeding operations of the Foundation pursuant to UNHHSF regulation 1.1 from:

- The Foundation borrowing operations
- Voluntary contributions, other than voluntary contributions made to the General Fund by Governments, governmental agencies and intergovernmental organizations and other public or private entities;

(l) "Reimbursable seeding operations" shall mean the Foundation lending operations through provision, on a reimbursable basis, to eligible public and private institutions, with special emphasis on developing countries and countries with economies in transition, of seed capital, loan guarantees, including housing loan insurance, and equity investments to support mobilization and effective utilization of domestic financial resources for human settlements by local lending financial institutions, in particular housing finance and community-based savings and loan organizations and other institutions engaged in low-cost housing and slum upgrading programmes;

(m) "Loan agreement instrument" shall mean a loan agreement between the Foundation and an eligible recipient of its reimbursable seeding operations;

(n) "Foundation borrowing operations" shall mean, pursuant to UNHHSF regulation 1.2, borrowing from Governments and governmental agencies and

intergovernmental organizations by the Foundation for its Loan Fund, defined above.

Article II
Budgets

A. Programme budget

Authority and responsibility

UNHHSF regulation 1.1

Under rules established by the Secretary-General, loans may be made from the resources of the United Nations Habitat and Human Settlements Foundation, including those borrowed pursuant to UNHHSF regulation 1.2, in implementation of the approved programmes of the Foundation.

Rule 302.1

(a) The Executive Director shall prepare, on a gross basis, for the Foundation's anticipated voluntary contributions and extrabudgetary funds, a proposed programme budget for the financial period for both income and expenditures. It shall cover all anticipated programmes of activities, including reimbursable seeding operations of the Foundation, pursuant to UNHHSF regulation 1.1, and programme support costs of the Foundation. The format shall be consistent with relevant United Nations budgetary regulations, rules, policies and practices. The programme budget shall include provision for contingencies;

(b) The resources of the Foundation from voluntary contributions and extrabudgetary funds, after providing for the programme support costs and a General Financial Reserve, shall be utilized to the maximum extent possible for programme purposes;

(c) Projects under the Foundation reimbursable seeding operations funded from resources borrowed by the Foundation pursuant to UNHHSF regulation 1.2, shall be approved by the Executive Director taking into consideration the recommendations of the Lending Operations Review Committee referred to under rule 305.3.3 of this annex and with due regard to the provisions of rules 305.3.5 and 305.3.6 of this annex.

Presentation, content and methodology

Submission and approval of programme budget

Review and approval

Rule 302.2

The portion of the proposed programme budget covering programme support costs shall be submitted to the Advisory Committee on Administrative and Budgetary Questions for examination and comment. Subsequently, the proposed

programme budget and the comments of the Advisory Committee shall be submitted to the Governing Council for approval.

Revised and supplementary programme budget proposals, presentation and submission

Rule 302.5

Supplementary programme budget proposals in respect of the current financial period, prepared in a form consistent with the programme budget, shall be submitted by the Executive Director to the Governing Council, together with the comments of the Advisory Committee on Administrative and Budgetary Questions on the programme support costs, in time for the opening of its regular session in the calendar year involved.

Resolutions with programme budget implications

Rule 302.6

The Executive Director is responsible for preparing and presenting to the Governing Council a statement of programme budget implications required under rule 28 of the rules of procedure of the Governing Council with the comments of the Advisory Committee on Administrative and Budgetary Questions.

Article III
Contributions and other income

C. Voluntary contributions, gifts and donations

Authority and liability

Rule 303.4

(a) The Secretary-General hereby delegates to the Executive Director authority to accept voluntary contributions, gifts or donations to the General Fund referred to in rule 304.3.2 for purposes consistent with the policies, aims and objectives of the Foundation as they relate to technical and financial services, including lending operations pursuant to UNHHSF regulation 1.1 and principles consistent with those of the United Nations;

(b) Such contributions to the General Fund shall be accepted without limitations as to use for a specific project or purpose. In respect of contributions other than from Governments, the Executive Director may permit exceptions to this rule and shall report thereon to the Governing Council provided that any such contributions shall be treated as trust funds or special accounts under regulation 3.12 of the United Nations Financial Regulations and Rules;

(c) Counterpart contributions in the form of agreed contributions in cash or in kind, which are made for the cost of specific services and facilities as set out in individual project documents, may be accepted by the Executive Director;

(d) The Executive Director may accept voluntary contributions, gifts or donations in such currencies as he/she deems to be required by the Foundation or readily convertible into usable currencies. The Executive Director may negotiate with contributors regarding convertibility or reconversion of voluntary contributions;

(e) Gifts or donations are to be defined and administered as voluntary contributions.

D. Miscellaneous income

Rule 303.6

All other income derived from the Foundation except:

(a) Contributions made by Governments and other donors as envisaged in rule 303.4 above or advance payments on account of such contributions;

(b) Direct refunds of expenditures of payments made during the same financial period; and

(c) Reimbursement of expenditures

shall be classified as miscellaneous income for the credit to the respective funds of the Foundation.

E. Receipts of funds

Receipt and deposit

Rule 303.8

(a) An official receipt shall be issued within two business days of receipt for all cash and negotiable instruments received;

(b) Only officials designated by the Under-Secretary-General for Management shall be authorized to issue official receipts. If other officials receive money intended for the Foundation, they must immediately convey this money to an official authorized to issue an official receipt;

(c) All moneys received shall be deposited in an official bank account of the Foundation within two days of receipt.

F. Foundation borrowing moneys

Foundation authority for external borrowing

UNHHSF regulation 1.2:

Under rules established by the Secretary-General, borrowings may be incurred for the reimbursable seeding operations of the United Nations Habitat and Human Settlements Foundation from Governments and governmental agencies and intergovernmental organizations provided that:

(a) The net borrowings outstanding at any time under this regulation shall not exceed limits established by the Secretary-General, with due regard to the maintenance of adequate reserves to secure such borrowings and to the proper functioning of the Foundation;

(b) The principal of any borrowings under this regulation and any interest or other charges thereon shall only be payable from the resources of the Foundation, and no lender shall have any claim against the United Nations or any of its other assets. Resources of the Foundation may be committed as security for the repayment of borrowings and the charges thereon. The Executive Director shall identify the resources which will be available for this purpose.

Rule 303.9

The Secretary-General hereby delegates, subject to the provisions set out below, authority to the Executive Director to incur, pursuant to UNHHSF regulation 1.2, borrowing from Governments and governmental agencies and intergovernmental organizations for the reimbursable seeding operations of the Foundation.

(a) The limits of the funds to be borrowed by the Foundation shall be set by the Secretary-General, from time to time, upon recommendation by the Executive Director and upon authorization by the Controller and with due regard to:

(i) The prospective resources requirements of the Foundation to attain its objectives and the amount of voluntary contributions received by the Foundation;

(ii) The degree of efficiency and effectiveness of the Foundation in managing Loan Fund operations from voluntary resources, as indicated in periodic evaluation and auditing reports.

(b) Funds obtained from borrowing shall be used by the Foundation only for reimbursable seeding operations and related administrative costs;

(c) Funds obtained from borrowing shall be credited to the Loan Fund of the Foundation established by the Executive Director under rule 304.3.2 (d) of this annex and shall be kept in a separate account from UN-Habitat and United Nations accounts;

(d) In incurring external borrowing for the Foundation, the Executive Director shall be responsible for ensuring that the Foundation maintains adequate resources in the Foundation Loan Fund Reserve established under rule 304.3.2 (e) to secure, at all times, the liability arising from incurring such borrowing;

(e) Any other additional provisions and measures the Secretary-General may add, from time to time, to ensure the solvency of the Loan Fund of the Foundation and to enhance its capacity and ability to attain its objectives;

(f) In incurring external borrowing, the Foundation shall comply with competitive procedures set by the Secretary-General for this purpose.

Liability for borrowing incurred by the Foundation

Rule 303.10

Pursuant to UNHHSF regulation 1.2 (b), the repayment of borrowing under the regulation, including the principal amount and any interest or other charges therein, shall be made only from the resources of the Foundation, and not from the resources of UN-Habitat or of the United Nations, and no lender shall have any claim against UN-Habitat, the United Nations, or any of their assets. Only the resources of the Foundation, as identified by the Executive Director, may be committed as security for the repayment of borrowings and charges thereon. This limitation of liability will be stipulated in all borrowing documents.

Article IV
Custody of funds

A. Internal accounts

Foundation funds

Authority and responsibility

Rule 304.3.1

The Executive Director shall, as provided for in rule 306.2 of this annex, maintain such accounts and records as are necessary to enable him/her to report to the Governing Council on the Foundation account.

Rule 304.3.2

The Executive Director, pursuant to rule 303.4 and rule 303.9 and with due regard to the provisions of rule 303.10 of this annex, shall establish the following:

(a) *General Fund* to account for voluntary contributions and payments thereof and miscellaneous incomes, and disbursements to finance the extrabudgetary component of the programme of UN-Habitat and the Foundation activities other than its reimbursable seeding operations;

(b) *General Financial Reserve* to ensure the financial liquidity of the Foundation General Fund established under rule 304.3.2 (a) above, to compensate for uneven cash flows and to meet such other requirements of prudent management of the General Fund. The level of the reserve and its composition shall be determined from time to time by the Governing Council upon the recommendation of the Executive Director;

(c) *Trust Funds* of the Foundation to account for voluntary contributions received for specific programme and project activities; and disbursements to finance and to account for those activities;

(d) *Loan Fund* to account for:

(i) Voluntary contributions specifically for the Foundation's reimbursable seeding operations from Governments, governmental agencies and

intergovernmental organizations and other public or private entities, as well as including resources from the General Fund that may be made available by the Governing Council for reimbursable seeding operations pursuant to UNHHSF regulation 1.1;

(ii) Moneys from borrowing incurred under rule 303.9 by the Foundation from Governments and governmental agencies and intergovernmental organizations pursuant to UNHHSF regulation 1.2 for its reimbursable seeding operations;

(e) *Loan Fund Reserve* shall be established by the Executive Director to provide and maintain security to those borrowings incurred by the Foundation and to maintain a sound cash flow situation in the Foundation Loan Fund. The resources of the Loan Fund Reserve shall come from allocations by the Governing Council upon recommendation by the Executive Director from: (i) the General Fund; (ii) the grant component in the Loan Fund; and (iii) the income from investment of the Loan Fund resources;

(f) *Other funds*, including trust funds, shall be established as needed by the Executive Director and shall be consistent with the purposes and objectives of the Foundation and consistent with the principles of the United Nations.

Rule 304.3.3

The Loan Fund account referred to in rule 304.3.2 (d) shall have the following credited to it:

(a) All borrowings and interest incurred under financial rule 303.9, grant contributions from Governments, governmental agencies and intergovernmental organizations and other public and private entities;

(b) Allocation of funds that may be authorized by the Governing Council, upon recommendation by the Executive Director, from the General Fund referred to in rule 304.3.2 (a) for reimbursable seeding operations;

(c) Earmarked contributions to the Loan Fund by Governments, governmental agencies and intergovernmental organizations and other public and private entities;

(d) All repayments of loans extended by the Foundation pursuant to UNHHSF regulation 1.1, including principal, interest and any other charges.

Rule 304.3.4

Interest earned and gains realized from the operations of the Loan Fund shall be only credited to the Loan Fund account. Conversely, all losses and interest payable as a result of the operations of the Loan Fund shall be charged only to the Loan Fund account.

Rule 304.3.5

All loan defaults by borrowers from the Foundation and other losses arising from the Loan Fund investments shall be reported by the Executive Director to the Governing Council.

06-44823

Rule 304.6

The Secretary-General shall act as custodian of the Foundation funds and shall designate the bank accounts and the signatories of those bank accounts. The Secretary-General may delegate to the Executive Director such authority with respect to custody of the Foundation Loan Fund and its Reserve as would facilitate the efficient and effective management of the Foundation funds, and such delegated authority may be accepted by the Executive Director in writing.

C. Investments

Rule 304.12

The Under-Secretary-General for Management, on behalf of the Secretary-General, shall invest Foundation moneys, other than those of the Loan Fund and its Reserve that are not required for disbursements immediately, in a manner consistent with the practices of the Organization to minimize risks and ensure liquidity. The Executive Director shall consult the Under-Secretary-General for Management on how funds of the Loan Fund and its Reserve that are not required for disbursement immediately could best be invested and the provisions of rules 104.13 and 104.14 of the United Nations Financial Regulations and Rules shall apply to the investment of such funds.

Income from investment

Rule 304.15

(a) Income from the investment of funds, other than from the Loan Fund and its Reserve and other trust funds and special accounts, shall be classified as miscellaneous income and credited to the Foundation General Fund;

(b) Income from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned;

(c) Income from the investment of funds from the Loan Fund or its Reserve shall be credited to the Loan Fund or its Reserve.

Losses of investment of funds not immediately required

Rule 304.16

(a) Any investment of funds not immediately required must be reported to the Under-Secretary-General for Management. The Under-Secretary-General for Management may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the Board of Auditors within three months following the end of the financial period;

(b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.

Article V
Utilization of funds

B. Commitments obligations and expenditures

Administration of appropriations

Authority and responsibility

Rule 305.3.1

The Executive Director shall have the authority to administer the Foundation Budget and to utilize its funds as planned and approved by the Governing Council, including for lending operations pursuant to UNHHSF regulation 1.1, in accordance with the United Nations Financial Regulations and Rules and this special annex for UNHHSF to the Financial Regulations and Rules of the United Nations.

Rule 305.3.2

(a) Within limits determined and for purposes specified by the Governing Council, the Executive Director may allocate funds to carry out the activities of the Foundation;

(b) Allocations by the Executive Director shall constitute a ceiling on commitments to be incurred in connection with the activities of the Foundation for which those allocations are issued;

(c) On completion of a project, the related allocation shall be brought into conformity with commitments recorded. Adjusted allocations will be issued covering all projects completed during each financial period;

(d) Allocations of funds for a financial period for programme support costs of the Foundation, when they are in excess of obligations incurred during that period, shall lapse at the end of that period.

Lending Operations Review Committee

Rule 305.3.3

Establishment, terms of reference and composition of the Committee

(a) A standing committee shall be established by the Executive Director of 12 to 15 members appointed by the Executive Director to advise him/her on the administration and management of the Foundation Reimbursable Seeding Operations to enhance effectiveness and efficiency of the Foundation as a viable financial institution. The Controller of the United Nations will be an ex officio member of the committee. The committee shall be called the Lending Operations Review Committee and shall meet twice a year under the chairmanship of the Executive Director;

(b) The Executive Director shall seek, as part of the Operational Procedures and Guidelines of UNHHSF, the guidance of the Governing Council regarding the

terms of reference of the Lending Operations Review Committee and the criteria for his/her appointment of its members.

Rule 305.3.4

The total amount outstanding at any time of reimbursable seeding operations shall not exceed the total amount of:

Voluntary contributions for reimbursable seeding operations and borrowing incurred pursuant to rule 303.9;

Plus surpluses realized on the Loan Fund operations;

Less advances to the Loan Fund Reserve pursuant to rule 304.3.2 (e);

Less transfers to the programme support costs sub-account pursuant to rule 302.1.

Policy, system and procedures

Rule 305.3.5

(a) The Executive Director shall, under policy guidance of the Governing Council, establish Operational Procedures and Guidelines in order to guide the operations of the Foundation, in particular reimbursable seeding operations, and determine from time to time:

(i) The terms and conditions on which the Foundation may borrow with due regard to rule 303.9;

(ii) Limits on the total value of each of the Foundation's (i) loans; (ii) loan guarantees; (iii) equity investments;

(iii) Limits on the size of financial contribution to each project of the Foundation as grants, loans and loan guarantees and equity investments;

(iv) The allocation of Loan Fund resources among types of financial products, i.e. what percentage shall be assigned for seed capital, loan guarantees, and equity investment;

(v) The standards to be met by applicants for the Foundation reimbursable seeding operations;

(vi) The terms and conditions on which grants, loans, loan guarantees and equity investments may be made by the Foundation, including interest rate and other charges. Reimbursable seeding operations shall be governed by the loan agreement instrument referred to in rule 301.3 (m);

(vii) Policies for the sale of securities provided by the borrowers to the Foundation to private investors in order to revolve the Foundation's funds with due regard to rule 303.9;

(b) The Executive Director shall report to the Secretary-General on his/her actions in the establishment and implementation of the policy, systems and procedures mentioned above.

Criteria and considerations for lending operations of the Foundation

Rule 305.3.6

In taking decisions pursuant to rule 305.3.5, the Executive Director shall, where relevant, take full account of:

(a) Other sources of financing available for human settlements development on reasonable terms and conditions to Governments and other eligible institutions;

(b) The degree of risk the Foundation might incur in providing financing in each particular case;

(c) The cost of money to the Foundation in case of borrowed resources;

(d) The cost of administering the Foundation in case of lending from borrowed funds;

(e) The desirability of maintaining diversification in the Foundation investments;

(f) The need to build up adequate levels of resources in both the Loan Fund Reserve and the General Fund Reserve.

Loans and loans guaranteed by the Foundation

Rule 305.3.7

In the case of loans or loans guaranteed made by the Foundation, the loan agreement instrument shall establish the terms and conditions for the loan or guarantee concerned, including those relating to security for the loan and guarantee payment of principal, interest and other charges, maturities and dates of payment in respect of the loan, or the fees and other charges on the guarantee, respectively.

Article VI
Accounting

Principal accounts

Rule 306.1

Separate accounts to be maintained by the Foundation shall include:

(a) A General Fund account and its reserve;

(b) A Loan Fund account and its reserve;

(c) A Trust Funds account;

(d) A programme support costs account;

(e) Such other accounts as may be required by the Secretary-General.

Responsibility for maintaining the accounts

Rule 306.2

The Executive Director is hereby designated as the official responsible for maintaining the records and accounts of the Foundation that are necessary to enable the Executive Director to report to the Governing Council, subject to such instructions as may be prescribed by the Secretary-General.

Financial statements

Rule 306.10

The Executive Director shall prepare and certify as correct the financial accounts and statements of the Foundation and shall submit them to the Board of Auditors at the times specified in rule 106.10 (a) of the United Nations Financial Regulations and Rules.

06-44823 (E) 050906